

**BOARD OF EDUCATION  
UNIFIED SCHOOL DISTRICT NO. 463  
Udall, Kansas**

**Financial Statements  
June 30, 2011**

**with  
Independent Auditors' Report**

UNIFIED SCHOOL DISTRICT NO. 463

Financial Statements

Year Ended June 30, 2011

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**INDEPENDENT AUDITORS' REPORT**

Board of Education  
Unified School District No. 463  
Udall, Kansas

We have audited the accompanying financial statements of the individual funds of Unified School District No. 463, Udall, Kansas, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Kansas Municipal Audit Guide and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of Unified School District No. 463, Udall, Kansas, as of June 30, 2011, and the revenues received and expenditures paid of such funds for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the use of the management of Unified School District No. 463 and the Kansas Department of Education and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by Unified School District No. 463, is a matter of public record.

Peterson Peterson & Zoss, LC

February 6, 2012

UNIFIED SCHOOL DISTRICT NO. 463  
Summary of Cash Receipts, Expenditures and Unencumbered Cash  
Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
General	\$ (314,304)	\$ -	\$ 2,864,074	\$ 2,775,979	\$ (226,209)	\$ 30,245	\$ (195,964)
Supplemental General	(92,234)	-	927,357	861,386	(26,263)	67,699	41,436
Special Revenue:							
At Risk (4 yr old)	2,930	-	4,000	6,624	306	159	465
At Risk (K-12)	76,780	18	205,511	145,759	136,550	40	136,590
Capital Outlay	457,296	-	197,468	-	654,764	-	654,764
Contingency Reserve	288,193	-	263	10,890	277,566	-	277,566
Driver Training	9,730	-	5,212	1,531	13,411	-	13,411
Food Service	26,569	915	169,281	149,250	47,515	17,228	64,743
KPERS Special Retirement Contribution	-	-	130,568	130,568	-	-	-
Professional Development	3,914	-	-	665	3,249	155	3,404
Special Education	208,161	-	428,522	459,579	177,104	-	177,104
Vocational Education	2,275	-	80,879	79,989	3,165	-	3,165
Textbook Rental	51,357	-	16,984	9,292	59,049	9,274	68,323
Recreation Commission	6,366	-	26,441	20,000	12,807	-	12,807
Rural Ed (Reap) Grant	-	-	45,585	45,585	-	39,325	39,325
Kan Ed Grant	8,394	-	-	2,853	5,541	-	5,541
Gate Receipts	1,303	-	23,506	23,507	1,302	773	2,075
School Projects	9,453	-	14,968	16,115	8,306	-	8,306
Federal Projects:							
Title I - Low Income	1,944	-	71,248	73,192	-	18,250	18,250
Title IIA - Improving Teacher Quality	-	-	17,809	17,809	-	-	-
Title IID - Tech Literacy	344	-	1,025	1,369	-	-	-
Drug Free	-	-	2,500	2,500	-	1,910	1,910
Debt Service:							
Bond and Interest	176,448	-	224,609	229,205	171,852	-	171,852
Expendable Trust	24,520	-	4,957	5,373	24,104	-	24,104
Total Reporting Entity	\$ 949,439	\$ 933	\$ 5,462,767	\$ 5,069,020	\$ 1,344,119	\$ 185,058	\$ 1,529,177

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Summary of Cash Receipts, Cash Disbursements and Unencumbered Cash  
Year Ended June 30, 2011

## Composition of Cash:

Checking Accounts - Union State Bank	\$ 362,396
Municipal Investment Pool	<u>1,195,418</u>
Total Cash	<u>1,557,814</u>
 Agency Funds per Statement 4	 <u>(28,637)</u>
 Total Reporting Entity	 <u><u>\$ 1,529,177</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Summary of Expenditures - Actual and Budget  
Year Ended June 30, 2011

Funds	Certified Budget	Adjustment to Comply With Legal Max	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General	\$ 2,879,011	\$ (103,032)	\$ 2,775,979	\$ 2,775,979	\$ -
Supplemental General	865,000		865,000	861,386	3,614
Special Revenue:					
At Risk (4 yr old)	10,102		10,102	6,624	3,478
At Risk (K - 12)	210,000		210,000	145,759	64,241
Capital Outlay	-		-	-	-
Driver Training	3,750		3,750	1,531	2,219
Food Service	261,861		261,861	149,250	112,611
KPERs Special Retirement Contribution	195,325		195,325	130,568	64,757
Professional Development	4,000		4,000	665	3,335
Special Education	503,200		503,200	459,579	43,621
Vocational Education	85,000		85,000	79,989	5,011
Recreation Commission	20,000		20,000	20,000	-
Debt Service:					
Bond and Interest	229,705		229,705	229,205	500

The notes to the financial statements are an integral part of this statement.

## UNIFIED SCHOOL DISTRICT NO. 463

## General Fund

## Statement of Cash Receipts and Expenditures - Actual and Budget

Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 256,111	\$ 280,363	\$ 24,252
Delinquent tax	2,741	4,947	2,206
Mineral production tax	-	788	788
Federal aid:			
ARRA stabilization funds	52,429	52,429	-
Education jobs fund	-	91,804	91,804
State aid:			
Equalization aid	2,119,736	2,111,026	(8,710)
Special education aid	344,962	322,521	(22,441)
Reimbursements	-	196	196
Total Cash Receipts	2,775,979	2,864,074	88,095
Expenditures:			
Instruction (contains \$77 in Federal aid)	1,192,000	1,095,212	96,788
Student support services	26,500	12,938	13,562
Instructional support staff	39,300	47,241	(7,941)
General administration	244,000	200,562	43,438
School administration	185,300	185,862	(562)
Operation and maintenance	408,500	369,751	38,749
Vehicle services and maintenance	104,680	126,841	(22,161)
Transfers to:			
At Risk (4 yr old) Fund	8,024	-	8,024
At Risk (K-12) Fund	192,175	197,637	(5,462)
Capital Outlay Fund	50,000	194,186	(144,186)
Special Education Fund	375,232	322,521	52,711
Vocational Education Fund	53,300	23,228	30,072
Adjustment to comply with legal max	(103,032)	-	(103,032)
Total Expenditures	2,775,979	2,775,979	-
Receipts Over (Under) Expenditures	-	88,095	88,095
Unencumbered Cash, Beginning	-	(314,304)	(314,304)
Unencumbered Cash, Ending	\$ -	\$ (226,209)	\$ (226,209)

The notes to the financial statements are an integral part of this statement.



UNIFIED SCHOOL DISTRICT NO. 463  
 Supplemental General Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 321,059	\$ 334,547	\$ 13,488
Delinquent tax	3,451	6,190	2,739
Motor vehicle tax	53,527	55,977	2,450
State aid	452,014	530,643	78,629
Total Cash Receipts	<u>830,051</u>	<u>927,357</u>	<u>97,306</u>
Expenditures:			
Instruction	439,000	494,663	(55,663)
General administration	186,000	176,964	9,036
Transfers to:			
Food Service Fund	40,000	30,000	10,000
At Risk (4 yr old) Fund	-	4,000	(4,000)
Special Education Fund	150,000	98,259	51,741
Vocational Education Fund	50,000	57,500	(7,500)
Adjustment to comply with legal max	-	-	-
Total Expenditures	<u>865,000</u>	<u>861,386</u>	<u>3,614</u>
Receipts Over (Under) Expenditures	(34,949)	65,971	100,920
Unencumbered Cash, Beginning	<u>34,949</u>	<u>(92,234)</u>	<u>(127,183)</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ (26,263)</u>	<u>\$ (26,263)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
At Risk (4 yr old) Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Other	\$ 2,000	\$ -	\$ (2,000)
Transfers from:			
Supplemental General Fund	8,024	4,000	(4,024)
Total Cash Receipts	<u>10,024</u>	<u>4,000</u>	<u>(6,024)</u>
Expenditures:			
Instruction	<u>10,102</u>	<u>6,624</u>	<u>3,478</u>
Receipts Over (Under) Expenditures	(78)	(2,624)	(2,546)
Unencumbered Cash, Beginning	<u>78</u>	<u>2,930</u>	<u>2,852</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ 306</u></u>	<u><u>\$ 306</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
At Risk (K-12) Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Reimbursement	\$ -	\$ 7,874	\$ 7,874
Transfers from:			
General Fund	<u>192,175</u>	<u>197,637</u>	<u>5,462</u>
Total Cash Receipts	192,175	205,511	13,336
Expenditures:			
Instruction	<u>210,000</u>	<u>145,759</u>	<u>64,241</u>
Receipts Over (Under) Expenditures	(17,825)	59,752	77,577
Unencumbered Cash, Beginning	55,412	76,780	21,368
Prior Year Cancelled Encumbrances	<u>-</u>	<u>18</u>	<u>18</u>
Unencumbered Cash, Ending	<u>\$ 37,587</u>	<u>\$ 136,550</u>	<u>\$ 98,945</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
 Capital Outlay Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Taxes and shared revenue:			
Delinquent tax	\$ -	\$ 42	\$ 42
Interest earnings	5,000	3,240	(1,760)
Transfers from:			
General Fund	50,000	194,186	144,186
Total Cash Receipts	<u>55,000</u>	<u>197,468</u>	<u>142,468</u>
Receipts Over (Under) Expenditures	55,000	197,468	142,468
Unencumbered Cash, Beginning	<u>365,280</u>	<u>457,296</u>	<u>92,016</u>
Unencumbered Cash, Ending	<u><u>\$ 420,280</u></u>	<u><u>\$ 654,764</u></u>	<u><u>\$ 234,484</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Contingency Reserve Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

Cash Receipts:	
Other	\$ 263
Expenditures:	
Instruction	<u>10,890</u>
Receipts Over (Under) Expenditures	(10,627)
Unencumbered Cash, Beginning	<u>288,193</u>
Unencumbered Cash, Ending	<u><u>\$ 277,566</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Driver Training Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 1,400	\$ 1,332	\$ (68)
Other	2,000	3,880	1,880
Total Cash Receipts	3,400	5,212	1,812
Expenditures:			
Instruction	3,750	1,436	2,314
Vehicle operations	-	95	(95)
Total Expenditures	3,750	1,531	2,219
Receipts Over (Under) Expenditures	(350)	3,681	4,031
Unencumbered Cash, Beginning	10,016	9,730	(286)
Unencumbered Cash, Ending	\$ 9,666	\$ 13,411	\$ 3,745

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Food Service Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 1,348	\$ 1,538	\$ 190
Federal aid	72,548	89,936	17,388
Charges for services	88,875	47,807	(41,068)
Transfers from:			
Supplemental General Fund	40,000	30,000	(10,000)
Total Cash Receipts	<u>202,771</u>	<u>169,281</u>	<u>(33,490)</u>
Expenditures:			
Food service operation	<u>261,861</u>	<u>149,250</u>	<u>112,611</u>
Receipts Over (Under) Expenditures	(59,090)	20,031	79,121
Unencumbered Cash, Beginning	59,090	26,569	(32,521)
Prior Year Cancelled Encumbrances	<u>-</u>	<u>915</u>	<u>915</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 47,515</u>	<u>\$ 47,515</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
 KPERS Special Retirement Contribution Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
State aid	\$ 195,325	\$ 130,568	\$ (64,757)
Expenditures:			
Instruction	133,625	96,096	37,529
Student support	1,200	-	1,200
Instructional support	2,500	16	2,484
General administration	13,000	10,746	2,254
School administration	18,000	8,204	9,796
Operations and maintenance	13,000	10,272	2,728
Student transportation services	9,000	3,596	5,404
Food service	5,000	1,638	3,362
Total Expenditures	<u>195,325</u>	<u>130,568</u>	<u>64,757</u>
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.



UNIFIED SCHOOL DISTRICT NO. 463  
Professional Development Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures:			
Student support services	\$ 4,000	\$ 665	\$ 3,335
Receipts Over (Under) Expenditures	(4,000)	(665)	3,335
Unencumbered Cash, Beginning	4,580	3,914	(666)
Unencumbered Cash, Ending	<u>\$ 580</u>	<u>\$ 3,249</u>	<u>\$ 2,669</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Special Education Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Miscellaneous	\$ -	\$ 7,742	\$ 7,742
Transfers from:			
General Fund	375,232	322,521	(52,711)
Supplemental General Fund	150,000	98,259	(51,741)
Total Cash Receipts	<u>525,232</u>	<u>428,522</u>	<u>(96,710)</u>
Expenditures:			
Payment to Co-op	450,000	435,581	14,419
Student transportation services	53,200	23,998	29,202
Total Expenditures	<u>503,200</u>	<u>459,579</u>	<u>43,621</u>
Receipts Over (Under) Expenditures	22,032	(31,057)	(53,089)
Unencumbered Cash, Beginning	<u>244,455</u>	<u>208,161</u>	<u>(36,294)</u>
Unencumbered Cash, Ending	<u>\$ 266,487</u>	<u>\$ 177,104</u>	<u>\$ (89,383)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Vocational Education Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Cash Receipts:			
Other	\$ -	\$ 151	\$ 151
Transfers from:			
General Fund	53,300	23,228	(30,072)
Supplemental General Fund	50,000	57,500	7,500
Total Cash Receipts	<u>103,300</u>	<u>80,879</u>	<u>(22,421)</u>
Expenditures:			
Instruction	<u>85,000</u>	<u>79,989</u>	<u>5,011</u>
Receipts Over (Under) Expenditures	18,300	890	(17,410)
Unencumbered Cash, Beginning	<u>42,767</u>	<u>2,275</u>	<u>(40,492)</u>
Unencumbered Cash, Ending	<u>\$ 61,067</u>	<u>\$ 3,165</u>	<u>\$ (57,902)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Textbook Rental Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

Cash Receipts:	
Textbook rental	\$ 16,984
Expenditures:	
Textbook purchases	<u>9,292</u>
Receipts Over (Under) Expenditures	7,692
Unencumbered Cash, Beginning	<u>51,357</u>
Unencumbered Cash, Ending	<u><u>\$ 59,049</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Recreation Commission Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 22,319	\$ 22,728	\$ 409
Delinquent tax	55	332	277
Motor vehicle tax	3,078	3,381	303
Other	1,990	-	(1,990)
Total Cash Receipts	<u>27,442</u>	<u>26,441</u>	<u>(1,001)</u>
Expenditures:			
Community service operations	20,000	20,000	-
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Receipts Over (Under) Expenditures	7,442	6,441	(1,001)
Unencumbered Cash, Beginning	<u>6,366</u>	<u>6,366</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 13,808</u>	<u>\$ 12,807</u>	<u>\$ (1,001)</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Rural Ed (Reap) Grant  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

Cash Receipts:	
Rural Ed grant	\$ 45,585
Expenditures:	
Grant expenses	<u>45,585</u>
Receipts Over (Under) Expenditures	-
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Kan Ed Grant  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

Expenditures:	
Grant expenses	<u>\$ 2,853</u>
Receipts Over (Under) Expenditures	(2,853)
Unencumbered Cash, Beginning	<u>8,394</u>
Unencumbered Cash, Ending	<u><u>\$ 5,541</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Federal Projects Funds  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

	<u>Title I - Low Income</u>	<u>Title II A- Improving Teacher Quality</u>	<u>Title II D- Tech Literacy</u>	<u>Drug Free</u>
Cash Receipts:				
Federal aid	\$ 52,698	\$ 17,809	\$ 178	\$ 2,500
ARRA stabilization funds	18,550	-	847	-
Total Cash Receipts	<u>71,248</u>	<u>17,809</u>	<u>1,025</u>	<u>2,500</u>
Expenditures:				
Instruction and supplies	<u>73,192</u>	<u>17,809</u>	<u>1,369</u>	<u>2,500</u>
Receipts Over (Under) Expenditures	(1,944)	-	(344)	-
Unencumbered Cash, Beginning	<u>1,944</u>	<u>-</u>	<u>344</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.



UNIFIED SCHOOL DISTRICT NO. 463  
Bond and Interest Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
Year Ended June 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cash Receipts:			
Taxes and shared revenue:			
Ad valorem property	\$ 112,290	\$ 114,632	\$ 2,342
Delinquent tax	1,127	2,340	1,213
Motor vehicle tax	18,580	19,523	943
State aid	91,682	88,114	(3,568)
Total Cash Receipts	<u>223,679</u>	<u>224,609</u>	<u>930</u>
Expenditures:			
Interest	19,205	19,205	-
Commission and postage	500	-	500
Principal	210,000	210,000	-
Total Expenditures	<u>229,705</u>	<u>229,205</u>	<u>500</u>
Receipts Over (Under) Expenditures	(6,026)	(4,596)	1,430
Unencumbered Cash, Beginning	<u>176,444</u>	<u>176,448</u>	<u>4</u>
Unencumbered Cash, Ending	<u>\$ 170,418</u>	<u>\$ 171,852</u>	<u>\$ 1,434</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
Expendable Trust Fund  
Statement of Cash Receipts and Expenditures - Actual  
Year Ended June 30, 2011

Cash Receipts:	
Interest earnings and contributions	\$ 4,957
Expenditures:	
Scholarships	<u>5,373</u>
Receipts Over (Under) Expenditures	(416)
Unencumbered Cash, Beginning	<u>24,520</u>
Unencumbered Cash, Ending	<u>\$ 24,104</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
School Activity Funds  
Statement of Cash Receipts and Cash Disbursements - Actual  
Year Ended June 30, 2011

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Student Organization Funds:				
Junior High and High School:				
Band Club	\$ 555	\$ 4,377	\$ 4,500	\$ 432
Softball	945	1,456	1,367	1,034
Choir	327	351	397	281
Class of 2010	500	-	500	-
Class of 2011	2,715	95	2,289	521
Class of 2012	1,766	17,908	19,121	553
Class of 2013	829	4,762	3,484	2,107
Class of 2014	-	3,304	2,652	652
Cheerleaders	179	9,034	7,764	1,449
Dance Team	506	4,384	4,041	849
Faculty	118	6,843	6,336	625
FCCLA	284	468	387	365
Middle School	4,618	7,042	7,304	4,356
MS Cheerleaders	219	5,699	5,409	509
Lettermen's Club	-	318	318	-
National Honor Society	203	1,922	1,708	417
Other	2,747	-	2,747	-
Student Council	812	4,210	4,356	666
Sr. High GCTL	1,436	-	165	1,271
Technology Club	1,061	-	1,061	-
FBLA	69	282	338	13
Total	19,889	72,455	76,244	16,100
Elementary:				
Pencil	516	174	250	440
Children's Theatre	7,185	12,267	10,836	8,616
Pop	635	540	63	1,112
Accelerated Reader	444	84	14	514
Field Trip/Class Projects	1,002	2,449	2,483	968
Kids For Voting	559	203	114	648
Faculty	253	1,107	1,179	181
Helping Hands	-	468	468	-
Pennies for Patients	-	726	726	-
Coffee & Tea	3	165	110	58
Total	10,597	18,183	16,243	12,537
Total Student Organization Funds	\$ 30,486	\$ 90,638	\$ 92,487	\$ 28,637

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 463  
 District Activity Funds  
 Statement of Cash Receipts, Expenditures and Unencumbered Cash  
 Year Ended June 30, 2011

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances	Ending Cash Balance
Gate Receipts:						
Athletics	\$ 363	\$ 21,575	\$ 21,783	\$ 155	\$ 773	\$ 928
Play Drama	940	1,931	1,724	1,147	-	1,147
Total Gate Receipts	1,303	23,506	23,507	1,302	773	2,075
School Projects:						
Yearbook	4,151	6,558	5,520	5,189	-	5,189
Laptop Computer	60	4,300	4,360	-	-	-
Art	1,205	1,367	951	1,621	-	1,621
Drivers education	2,625	-	2,625	-	-	-
Other	1,412	2,743	2,659	1,496	-	1,496
Total School Projects	9,453	14,968	16,115	8,306	-	8,306
Total District Activity Funds	\$ 10,756	\$ 38,474	\$ 39,622	\$ 9,608	\$ 773	\$ 10,381

The notes to the financial statements are an integral part of this statement.

# UNIFIED SCHOOL DISTRICT NO. 463

## Notes to Financial Statements

June 30, 2011

### 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Unified School District No. 463 (the District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management, who is responsible for their integrity and objectivity. These accounting policies conform to a comprehensive basis of accounting other than generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

#### Reporting Entity

The Unified School District No. 463 Board of Education ("Board") is the basic level of government which has financial accountability and control over all activities related to the public school education in the City of Udall, Kansas. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since the seven Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the District's reporting entity.

#### Basis of Presentation

Fund Accounting - A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the fiscal year of 2011:

#### Governmental Funds

General Fund - to account for all unrestricted resources except for those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Debt Service Fund - to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Fiduciary Funds

Expendable Trust Fund - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Basis of Accounting

*Statutory Basis of Accounting.* The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a waiver from generally accepted accounting principles, allowed by the State of Kansas, which allows the District to revert to the statutory basis of accounting.

*Departure from Accounting Principles Generally Accepted in the United States of America.* The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, building and equipment owned by the District are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 463  
Notes to Financial Statements  
June 30, 2011

1. Summary of Significant Accounting Policies (continued)

Risk Management

The District is exposed to various risks for loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss.

2. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

# UNIFIED SCHOOL DISTRICT NO. 463

## Notes to Financial Statements

June 30, 2011

### 2. Budgetary Information (other)

A legal operating budget is not required for trust funds and the following special revenue funds:

- Contingency Reserve Fund
- Textbook Rental Fund
- Rural Ed (Reap) Grant
- Kan Ed Grant
- Gate Receipts
- School Projects
- Federal Projects Funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

### 3. Interfund Transfers

Recurring annual transfers between budgetary funds for the purpose of shifting resources from the fund legally required to receive the revenue to the fund authorized to expend the revenue were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At Risk (K-12) Fund	K.S.A. 72-6428	\$197,637
General Fund	Special Education Fund	K.S.A. 72-6428	322,521
General Fund	Vocational Education Fund	K.S.A. 72-6428	23,228
General Fund	Capital Outlay Fund	K.S.A. 72-6428	194,186
Supplemental General Fund	At Risk (4 yr old) Fund	K.S.A. 72-6428	4,000
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6428	57,500
Supplemental General Fund	Special Education Fund	K.S.A. 72-6428	98,259
Supplemental General Fund	Food Service Fund	K.S.A. 72-6428	30,000



UNIFIED SCHOOL DISTRICT NO. 463  
Notes to Financial Statements  
June 30, 2011

4. Defined Benefit Pension Plan

*Plan description.* The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefits provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% (Tier 1) and 6% (Tier 2) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contribution requirements are established by KPERS and are periodically revised. Kansas' contribution to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010 and 2009 were \$188,864,532, \$248,468,186 and \$242,277,363 respectively, equal to the required contributions for each year as set forth by the legislature. Remaining balance due from the State for year ending June 30, 2011 of \$64,969,692 was received by July 12, 2011. The amounts attributable to the District for the years ending June 30, 2011, 2010 and 2009 were \$130,569, \$177,568, and \$174,980.

5. Compensated Absences

Vacation

Twelve-month non-teacher personnel are provided vacation ranging from 1 to 3 weeks based on years of service. All vacation time is earned from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward. All vacation time must be used each year prior to August 1<sup>st</sup>. The estimated liability for accrued vacation pay at June 30, 2011 is \$549

Sick/Personal Leave

Full-time certified and classified staff contracted for twelve-month positions start each school year with twelve days of sick/personal discretion leave with full pay. Employees may accumulate unused sick leave to a total of 80 days. Classified employees are compensated for unused sick/personal leave upon retirement based on their rate of pay. Certified staff is eligible to receive \$93 per day for unused sick/personal leave upon retirement. The estimated liability for accrued sick/personal leave at June 30, 2011, if all employees were to retire, would be \$146,430.

UNIFIED SCHOOL DISTRICT NO. 463  
Notes to Financial Statements  
June 30, 2011

6. Deposits and Investments

Deposits

At June 30, 2011, the carrying amount of the District's deposits was \$362,396. The bank balance was \$709,774. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. The bank balance was covered by \$250,000 FDIC insurance and the remaining \$459,774 for Union State Bank was collateralized by pledged securities held under joint custody receipts issued by Bankers Bank of Kansas. Bankers Bank of Kansas is independent of the Union State Bank.

Investments

Kansas statutes authorize the District to invest in U.S. Treasury bills and notes, repurchase agreements and the State Municipal Investment Pool. All investments must be insured, registered or held by the District or its agent in the District's name. The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the dealer bank's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the dealer bank. Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. At June 30, 2011, the District held investments in the State Municipal Investment Pool totaling \$1,195,418, a Category 1 investment.

7. Subsequent Events

Subsequent events have been evaluated through February 6, 2012, which is the date the financial statements were available to be issued. There were no such events identified to be disclosed.

8. Compliance with Kansas Statutes

Compliance with K.S.A. 9-1402

The District was in violation of K.S.A. 9-1402, regarding depository securities for public funds, with bank deposits of District funds being under-secured for various dates throughout the year.

UNIFIED SCHOOL DISTRICT NO. 463  
Notes to Financial Statements  
June 30, 2011

8. Compliance with Kansas Statutes (continued)

Compliance with K.S.A. 72-8208a

The District was in violation of K.S.A. 72-8208a, regarding the proper authorization and accounting for school activity funds. The elementary activity funds were not being properly maintained to allow for proper reporting of monies available.

9. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending June 30. The following shows the revenue as required by the statutes.

UNIFIED SCHOOL DISTRICT NO. 463  
GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 256,111	\$ 280,363	\$ 24,252
Delinquent tax	2,741	4,947	2,206
Mineral production tax	-	788	788
Federal aid:			
ARRA stabilization funds	52,429	52,429	-
Education jobs fund	-	91,804	91,804
State aid:			
Equalization aid	2,119,736	2,023,127	(96,609)
Special education aid	344,962	322,521	(22,441)
Reimbursements	-	196	196
Total Statutory Revenues	<u>2,775,979</u>	<u>2,776,175</u>	<u>196</u>
EXPENDITURES:			
Instruction	1,192,000	1,095,212	96,788
Student support services	26,500	12,938	13,562
Instructional support staff	39,300	47,241	(7,941)
General administration	244,000	200,562	43,438
School administration	185,300	185,862	(562)
Operation and maintenance	408,500	369,751	38,749
Vehicle services and maintenance	104,680	126,841	(22,161)
Transfers to:			
At Risk (4 yr old) Fund	8,024		8,024
At Risk (K-12) Fund	192,175	197,637	(5,462)
Capital Outlay Fund	50,000	194,186	(144,186)
Contingency Fund			-
Special Education Fund	375,232	322,521	52,711
Vocational Education Fund	53,300	23,228	30,072
Adjustment to comply with legal max	(103,032)	-	(103,032)
Total Expenditures	<u>2,775,979</u>	<u>2,775,979</u>	<u>-</u>
Revenue Over (Under) Expenditures	-	196	196
MODIFIED UNENCUMBERED CASH, JULY 1, 2010	<u>-</u>	<u>500</u>	<u>500</u>
MODIFIED UNENCUMBERED CASH, JUNE 30, 2011	<u>\$ -</u>	<u>\$ 696</u>	<u>\$ 696</u>

UNIFIED SCHOOL DISTRICT NO. 463  
SUPPLEMENTAL GENERAL FUND  
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2011

	<u>Budget</u>	<u>Statutory Transactions</u>	<u>Variance Favorable (Unfavorable)</u>
STATUTORY REVENUES:			
Taxes and shared revenue:			
Ad valorem property	\$ 321,059	\$ 334,547	\$ 13,488
Delinquent tax	3,451	6,190	2,739
Motor vehicle tax	53,527	55,977	2,450
Federal aid ARRA stabilization funds			-
State aid	452,014	450,540	(1,474)
Total Statutory Revenues	<u>830,051</u>	<u>847,254</u>	<u>17,203</u>
EXPENDITURES:			
Instruction	439,000	494,113	(55,113)
School administration	186,000	176,964	9,036
Transfers to:			
Food Service Fund	40,000	30,000	10,000
Professional Development Fund	-	4,000	(4,000)
Special Education Fund	150,000	98,259	51,741
Vocational Education Fund	50,000	57,500	(7,500)
Adjustment to comply with legal max			-
Total Expenditures	<u>865,000</u>	<u>860,836</u>	<u>4,164</u>
Revenue Over (Under) Expenditures	(34,949)	(13,582)	21,367
MODIFIED UNENCUMBERED CASH, JULY 1, 2010	<u>34,949</u>	<u>13,582</u>	<u>(21,367)</u>
MODIFIED UNENCUMBERED CASH, JUNE 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

UNIFIED SCHOOL DISTRICT NO. 463

Notes to Financial Statements

Year Ended June 30, 2011

10. Long Term Debt

Changes in long-term debt and future maturities are reflected below.

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds: Refunding	1.30% to 2.80%	11/1/2010	1,005,000	11/1/2014	\$ 1,005,000	\$ -	\$ 210,000	\$ -	\$ 795,000	\$ 19,205
Capital Leases: 1 to 1 Initiative Laptop Computers	6.668%	6/12/2009	232,153	7/15/2011	77,749	-	77,749	-	-	5,184
Total contractual indebtedness					1,082,749	-	287,749	-	795,000	24,389
Compensated absences	N/A	N/A	N/A	N/A	177,773	-	-	(30,794)	146,979	-
Total Long-term Debt					\$ 1,260,522	\$ -	\$ 287,749	\$ (30,794)	\$ 941,979	\$ 24,389

Annual Debt Service Requirements

	2012	2013	2014	2015	2016	2017-2021	Total
Principal: General obligation bonds	\$ 210,000	\$ 220,000	\$ 225,000	\$ 140,000	\$ -	\$ -	\$ 795,000
Interest: General obligation bonds	16,003	11,855	6,733	1,960	-	-	36,551
Total Principal and Interest	\$ 226,003	\$ 231,855	\$ 231,733	\$ 141,960	\$ -	\$ -	\$ 831,551

The notes to the financial statements are an integral part of this statement.